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A.S.V., Inc., a/k/a Terex and International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers, and Helpers, AFL-CIO, Petitioner. Case 18-RC-128308

June 30, 2014

ORDER DENYING REVIEW

BY CHAIRMAN PEARCE AND MEMBERS MISCIMARRA AND SCHIFFER

The National Labor Relations Board has delegated its authority in this proceeding to a three-member panel. The Employer's Request for Review of the Regional Director's Decision and Direction of Election, dated May 29, 2014, is denied as it raises no substantial issues warranting review.¹

Dated, Washington, D.C. June 30, 2014

Mark Gaston Pearce,	Chairman
Philip A. Miscimarra,	Member

No party requests review of the Regional Director's analysis and finding that the petitioned-for unit of undercarriage assembly employees is inappropriate. In addition, we find that *Specialty Healthcare & Rehabilitation Center of Mobile*, 357 NLRB No. 83 (2011), enfd. sub nom. *Kindred Nursing Centers East, LLC v. NLRB*, 727 F.3d 552 (6th Cir. 2013), applies to this proceeding and that the Regional Director properly determined the smallest appropriate unit encompassing the petitioned-for employee classifications in accordance with that case and our established precedent. See, e.g., *Overnite Transportation Co.*, 331 NLRB 662. 663 (2000).

Member Miscimarra would grant review because the Regional Director found that the petitioned-for unit of "undercarriage" assembly employees would have been an inappropriate "fractured" unit and no party currently argues such a unit would be appropriate. Given that a "petitioned-for unit" is not at issue, the standard articulated in Specialty Healthcare & Rehabilitation Center of Mobile, 357 NLRB No. 83 (2011), enfd. sub nom. Kindred Nursing Centers East v. NLRB, 727 F.3d 552 (6th Cir. 2013), which Member Miscimarra finds unnecessary to rely upon in this case, is not applicable and, therefore, it would not favor the alternative unit of assembly employees (deemed appropriate by the Regional Director) as compared to a broader production and maintenance unit. In these circumstances, Member Miscimarra believes the Regional Director and the Employer have identified sufficient facts regarding functional integration and other interests shared by various assembly and non-assembly production and maintenance employees to warrant granting review.

Nancy Schiffer, Member

(SEAL) NATIONAL LABOR RELATIONS BOARD

DECISION AND DIRECTION OF ELECTION

Petitioner seeks to represent a unit of all full-time and regular part-time employees employed by the Employer in its undercarriage "department," including service parts employees. Contrary to the Petitioner, the Employer argues that Petitioner seeks a group of employees who are part of a larger group of employees, and therefore that the unit sought by Petitioner is a fractured unit and not appropriate for collective bargaining. Rather, according to the Employer, there are three alternative units of employees which might be appropriate for collective bargaining.

I conclude that the unit sought by Petitioner is indeed a fractured group of employees and not a unit appropriate for collective bargaining. However, because Petitioner was unable to state at the hearing whether it would proceed to an election in an alternative unit, rather than dismiss this petition, Petitioner will be given the opportunity to participate in an election in a broader unit.

Under Section 3(b) of the Act, I have the authority to hear and decide this matter on behalf of the National Labor Relations Board. Upon the entire record in this proceeding, I find:

- 1. The hearing officer's rulings made at the hearing are free from prejudicial error and are hereby affirmed.
- 2. The Employer is engaged in commerce within the meaning of the Act, and it will effectuate the purposes of the Act to assert jurisdiction here.²
- 3. The labor organization involved claims to represent certain employees of the Employer.
- 4. A question affecting commerce exists concerning the representation of certain employees of the Employer within the meaning of Section 9(c)(1) and Section 2(6) and (7) of the Act.
- 5. This decision begins with an overview of the Employer's operations, including supervisory hierarchy. The second section sets forth the evidence regarding the

¹ Pertinent portions of the Regional Director's Decision and Direction of Election are attached.

¹ I use the term "department" for the sake of clarity and brevity. At the hearing, the Employer argued that there is no undercarriage "department," rather that the undercarriage employees are part of a larger group of employees employed in the assembly area.

² The Employer is a Minnesota corporation engaged in the manufacture of construction equipment at its facility located in Grand Rapids, Minnesota. The Employer annually derives gross revenues in excess of \$500,000 and purchases goods and supplies valued in excess of \$50,000 directly from suppliers located outside the State of Minnesota

undercarriage employees sought by Petitioner, as well as their relationship with other employees employed by the Employer. The third section applies the facts to Board law, and specifically to *Specialty Healthcare*, 357 NLRB No. 83 (2011) and explains my conclusion that the unit sought by Petitioner is inappropriate. Finally, I explain the basis for my conclusion that an appropriate unit for collective bargaining includes all assembly employees employed by the Employer.

The Employer's Operation and Supervisory Structure

The Employer manufactures compact track loaders (CTLs) and skid steer loaders (SSLs) for the construction industry at its Grand Rapids, Minnesota facility. The Employer's General Manager is Jim DiBiagio. In its posthearing brief the Employer contends that DiBiagio is the highest ranking Employer manager at the facility, although the record does not reflect this fact. The Employer's Senior Human Resources Manager (and only human resources employee at the facility) is Deborah Schultz. Schultz reports to DiBiagio. Also reporting to DiBiagio are managers for the following areas: assembly, weld/fabrication/paint, production control, engineering, purchasing and (separately) quality control (currently vacant).

The employees Petitioner seeks to represent are in the assembly area. The manager of assembly is Dallas Gravelle, and he manages 59 employees. Of those 59 employees, Petitioner seeks to represent about 15 employees who are employed in undercarriage or service parts, which is considered part of undercarriage. There is no evidence that there are 2(11) supervisors reporting to Gravelle. Rather, there are a total of four team leads who oversee the assembly employees. The four team leads assign work, move employees around to fill in, assist employees, align work, ensure that parts are available as needed for the assembly lines, and liaise with engineers when their assistance is needed. The record contains almost no detail regarding the performance of these various tasks; however, both the Employer and Petitioner agree that team leads should be included in any unit found appropriate for collective bargaining.

Petitioner attaches significance to two facts which I view as irrelevant to the decision in this case. These facts are that at one time the undercarriage operation was located in a different city about seven miles from the Grand Rapids facility, and at one time the Employer had a supervisor in charge of this area even after it was relocated to Grand Rapids (rather than a team lead). Neither

of these facts is relevant because there has not been separate supervision (other than the team lead) of the undercarriage employees for at least 1 year, and it has been even longer since the undercarriage operation was in a separate facility.

All employees, whether in the unit sought by Petitioner or in assembly, or in other areas of the facility, have the same employee handbook, working conditions, benefits, and work rules. Employees can punch any of the time clocks located near entrances; they can use any of the break rooms (none is designated for a particular group of employees); and they use the same parking lot. It appears that lockers are made available for employees' use in various parts of the plant, and employees tend to use the lockers closest to their work area. Thus, for example, the undercarriage employees utilize lockers close to their work area, and no other employees use lockers in that area. Work hours are 6:30 am—5:00 p.m., Monday through Thursday for all assembly employees (including undercarriage employees), as well as fabrication, weld, paint and warehouse employees. However, the record reflects that undercarriage employees have a unique time for lunch break that differs from other employees.

The Employer provided wage rates for seven classifications of employees. Assemblers (which include undercarriage employees) start at \$13.50/hour and the top rate is \$17.13/hour. Water striders (who pick and deliver parts to assembly areas) have the same wage range as the assemblers. Painters, metal fabricators, and quality assurance inspectors start at \$14.11/hour and the top rate is \$17.47/hour. Welders I and II start at \$14.50/hour and \$15.50/hour and their top rates are \$17.85 and \$18.85 respectively. Finally, the warehouse clerk starts at \$14.50/hour and the top rate is \$17.59/hour. In addition to increases due to time in the job (which top out at 36 months), all employees receive annual wage increases effective April 1 of each year.

Petitioner also filed a petition to represent the painters employed by the Employer in Case 18–RC–128325. The parties entered into an election agreement on the date of the hearing in this case, agreeing to an election on June 18, 2014 in a unit of all full-time and regular part-time painters and employee senior painters in the paint department. According to the Employer's posthearing brief, the Employer agreed to this unit because the Board "has long recognized that painters constitute a skilled craft," because the painters work in booths with special protective clothing and do not typically interchange with other employees, and for "other reasons."

³ The parties also agreed that temporary employees should be excluded from the unit.

The Undercarriage Employees Sought by Petitioner and Their Relationship to Other Employees

The undercarriage department builds track components that "drive" some of the equipment manufactured by the Employer. Service parts employees build parts used exclusively for undercarriage manufacturing. Undercarriages are used by the Employer as part of the manufacture of compact track loaders. In essence, the undercarriage employees build the "bottom" of the CTLs, and then a cab goes on top of the undercarriage (the undercarriage employees neither manufacture nor install the cab on top—that is the role of employees in the cab subassembly area). In addition, the undercarriage employees build undercarriages for Caterpillar. They are shipped to Caterpillar as undercarriages. In other words, once the undercarriage employees complete their jobs, the product is shipped out with no further work on them by any other employees of the Employer. On the other hand, the other product built by the Employer—skid steer loaders—does not have an undercarriage.

The record contains great detail regarding the physical layout of the plant. Most of the detail is irrelevant; however, it is important to note that the undercarriage employees work in a large room with other assembly employees. There are no walls separating various parts of assembly, although there is a wall separating the receiving area from the assembly area. Thus, the fabrication area including welding booths, the wash bays and paint booths and the various assembly areas (cab assembly, skid steer assembly, track machine area, loader assembly and engine assembly) are all in the big room. A witness for the Employer estimated that the undercarriage assembly area is within 30 feet of the loader assembly area. Petitioner argues, however, that it is significant that the undercarriage area is physically separate, delineated with an overhead sign, and separated from other areas by aisles used by forklifts and/or to store equipment and parts.

The team leader for the undercarriage area is Nicholas Baker. There is a specifically-assigned quality inspector assigned to the undercarriage area. Water striders, who pick parts from the warehouse and deliver them to assembly areas (including apparently the undercarriage area) report to a separate warehouse manager. Also working in the warehouse are warehouse clerks, who receive, inventory and store parts to be used in assembly. Also employed are two maintenance employees who report directly to General Manager DiBiagio. They maintain the physical plant, as well as service equipment to the extent they have the ability and skills to do so.

Employees in the assembly area perform various functions. These functions include: fabrication of parts (using computer numerical controlled (CNC) machines, saws and plasma tables with plasma cutters, and press brakes which bend metal); welding (there are three welding booths); quality control (which occurs after welding to ensure welds are complete and correctly done); two wash bays and paint booths (to wash product before it is painted and then to paint the product); and finally a drying and storage area. Next are various assembly areas including cab assembly (which installs seats, headlights, controls, foot wells and windows if there are windows in cabs); skid steer assembly; track machine area; loader assembly; engine assembly (which involves adding electronics to engines); and of course undercarriage assembly. Each assembly area has tools unique to it, as well as tools in common. Each assembly area conducts its own on-the-job training, and while skills and education levels required are the same for all areas, each area has its own unique tools and equipment employees are required to learn. For example, in the undercarriage area are specialized tables for constructing sprockets, specialized guns with balancers, and unique air presses—all requiring special training to learn how to use them. An employee who testified estimated it would take about 1 month of on-the-job training to master the equipment used in the undercarriage area.

There is no evidence in the record that assemblers other than undercarriage employees work on the undercarriages. Thus, there is no evidence that fabricators, welders or painters are involved in the production of undercarriages.

There is conclusionary evidence of interchange between the undercarriage area and other work areas. The Employer contends that it moves employees from area to area based on where the work is on any given day. For example, if there is less demand for production of CTLs, assembly employees in that area will be moved to where work is. Work ebbs and increases in various areas based on customer demand, the availability of parts, and times of the year (for example the demand for undercarriages is less at the end of each year). The Employer also contends that when overtime is required it seeks volunteers—first from the area where overtime is needed, then from other areas of the plant—and finally, if there are not enough volunteers, it requires overtime. While the record is not entirely consistent on this point, it appears that if overtime is required, it is required of the employees in the area where overtime is needed. Thus, for example, if overtime is required in cab subassembly, first employees in cab subassembly will be asked to volunteer, then other assemblers will be asked to volunteer, and finally, if there are insufficient volunteers, employees in cab subassembly will be required to work overtime. However, anyone who volunteers from another area has to be able to operate the special machinery of the area where overtime is needed.

Also in the record is the identity of employees temporarily transferred between departments. Most relevant are a fabricator who has been working in the undercarriage area since November 2013, a welder who has been working in undercarriage also since November 2013, (but who moved to cab subassembly in April, 2014), and a welder who has a work-related injury and work restrictions and has been working in undercarriage since early February 2014. In all of these cases, the employee moved to undercarriage retained his job title and pay from his prior position as these are considered temporary transfers. I note however, that Petitioner argues these transfers are more akin to permanent ones, although this argument ignores unrebutted Employer evidence that the employees retain their pay rates and job classifications from their prior positions.

The record contains six other examples of temporary transfers from and to departments not involving the undercarriage area. The record also contains evidence of five permanent transfers—none involving undercarriage employees or the undercarriage department.

Employees in the undercarriage area meet with team lead Baker twice each day—both at the beginning of the workday and then after lunch break. At that time Baker goes over minutes (not otherwise explained on the record) and leads stretches. No other assembly employees attend these meetings.

Board Law and its Application to the Facts in This Case

Both parties agree that an analysis of the law applicable in this case begins with Specialty Healthcare, 357 NLRB No. 83 (2011). Under Specialty Healthcare, the Board begins its analysis with the question whether the employees sought by a union is "readily as a group who share a community of interest." In determining whether the group shares a community of interest, the Board considers whether the employees are organized into a separate department, have distinct job functions and perform distinct work, are functionally integrated with the Employer's other employees, have frequent contact with other employees, interchange with other employees, have distinct terms and conditions of employment, and are separately supervised. United Operations, Inc., 338 NLRB 123 (2002).

In reaching the conclusion that the unit sought by Petitioner is inappropriate, I rely particularly on the fact that

the Board will not approve of fractured units; that is combinations of employees that have no rational basis. *Odwalla, Inc.*, 357 NLRB No. 132 (2011); *Seaboard Marine, Ltd.*, 327 NLRB 556 (1999). Furthermore, I conclude that the Employer has carried the burden of proving there is no rational basis for excluding some assembly employees while including other assembly employees.

First, the unit sought by Petitioner does not track any lines drawn by the Employer, such as classification or department. The organization chart in evidence is clear that all assembly employees—whether employed in the undercarriage area or not—are considered to be in the same area and under the direct supervision of Production Manager Dallas Gravelle. Moreover, the wage grid in evidence makes clear that undercarriage employees are considered assemblers for purposes of determining starting wage rates and wage progressions. Thus, undercarriage employees do not have a separate wage structure. In addition, there is no evidence that undercarriage employees have a separate job classification—they, like over 40 other employees employed by the Employer in assembly, are considered assemblers.

Also relevant is the functional integration between employees sought by Petitioner and other employees in the assembly area. Undercarriage employees manufacture the "bottom" of compact track loaders, while other assembly employees employed by the Employer manufacture and install the cab that is the "top" of the compact track loaders. It is also the case that undercarriage employees manufacture undercarriages for Caterpillar that are shipped directly to Caterpillar once they are completed, but the record fails to establish how much time undercarriage employees devote to Caterpillar undercarriages compared to undercarriages used in Employer products. Thus, the fact that some undercarriages manufactured by the Employer are shipped directly to customers, does not lessen the fact that for one of the products manufactured by the Employer, there is significant functional integration between undercarriage employees and other assembly employees.

While the evidence regarding interchange (that is other assembly employees working in the undercarriage area when needed or undercarriage employees working in other assembly areas when needed) is somewhat conclusionary, it appears that anyone qualified in the assembly area can volunteer for overtime in any assembly jobs where overtime is needed, as long as they are able to perform the jobs involving overtime.

The positions Petitioner seeks to represent—as well as other assembler positions—require similar skills and education in order to be hired. While each area of assem-

bly has tools unique to its part in the manufacture process, there is no specialized training required in order to work in any of the assembly areas. On the contrary, what training is required is on-the-job, and related to the unique equipment or tools utilized, rather than to specific skills required to qualify for the job. See, *Northrup Grumman Shipbuilding, Inc.*, 357 NLRB No. 163 (2011).

Undercarriage employees do not have unique benefits, working conditions or wages, further evidence that the group sought by Petitioner is a fractured unit.

In reaching the conclusion that the unit sought by Petitioner is a fractured group, I have considered and reject Petitioner's arguments that the undercarriage/service parts employees are a readily identifiable group. In general, Petitioner's argument rests on assumptions that because there is a differentiation in the parts being manufactured, and therefore there is some differentiation in tools and equipment used as well as location of work, that is sufficient to constitute a "readily identifiable group." For example, Petitioner argues that they are readily identifiable because the Employer's organizational chart includes "undercarriage" as a heading and then lists the employees. Petitioner is correct, except that it omits the fact that service parts employees (whom Petitioner would include) have their own heading. Thus, from my perspective, the headings mean nothing—they do not establish that the Employer has an organizational or departmental structure separating undercarriage employees from other assembly employees. Otherwise and contrary to the position taken by Petitioner both at the hearing and in its posthearing brief—service parts employees are a separate departmental or organizational area from undercarriage employees.

Petitioner also argues that the fact that the undercarriage employees have a separate team lead means that they are readily identifiable as a group. However, Petitioner and the Employer agree that team leads are in the unit, and therefore not 2(11) supervisors. It is clear that Board law examines whether employees are separately supervised by individuals who are not included in the bargaining unit when determining the existence of a readily identifiable group. Petitioner also argues that it is significant that the undercarriage employees have their own delineated physical space in the Employer's facility-albeit space within a large room containing other assembly functions. On the other hand, I find more compelling the fact that the undercarriage employees are within 30 feet of other assembly employees and their work is functionally integrated with the work of other assembly employees.

Petitioner relies primarily on *DTG Operations, Inc.*, 357 NLRB No. 175 (2011) to argue in favor of its posi-

However, DTG Operations did not involve an analysis of whether the group sought by the union was a fractured unit; rather it involved the question whether the Employer established an overwhelming community of interest in order to rebut the appropriateness of the unit sought by the union. In any event, the facts of DTG are significantly different than the instant case. While DTG makes clear that functional integration by itself is not sufficient to establish overwhelming community of interest, it did so in the context of facts where the employees sought by the union were separately supervised (which is not present here), where the employees sought by the union had different work schedules, work areas and incentives (which are not present here), and where employees sought by the union had different job functions and duties, as well as skills and qualifications (which are not present here).

The Appropriate Unit for Collective Bargaining

Petitioner has not rejected going to an election in an alternative unit. On the other hand, because the Employer has proposed three alternative appropriate units but provided little evidence to distinguish any of the three alternatives from one another, it is difficult to determine what constitutes an appropriate unit for collective bargaining.

According to the Employer's posthearing brief, "the Employer contends that the smallest appropriate unit must also include Welding and Fabrication" (as well as all other assembly employees). Just a paragraph later in its posthearing brief, the Employer argues that warehouse employees, quality inspectors and maintenance employees should also be included in any unit found appropriate. However, in its conclusion, the Employer argues yet a different position: "the smallest appropriate unit must include Assembly, Welding, Fabrication, Warehouse, Quality, Test Track, and Maintenance."

Based on the record evidence that exists, I conclude that the smallest appropriate unit for collective bargaining is a unit of the 59 employees employed in assembly. My reasons for doing so are largely related to my reasons for rejecting the unit sought by Petitioner. That is, it is clear that the assembly employees constitute a separate department or organizational group at the Employer's facility. This conclusion is supported by the organizational chart, by the fact the assembly employees are separately supervised, and by the fact that the Employer's pay grid lists assemblers as a separate classification with a separate wage progression. Moreover, this group of employees is similarly classified and the group of assemblers performs a unique function when compared to other employees employed by the Employer, and that function is highly integrated within the assembly area. On the other hand, welders, fabricators, quality control and warehouse employees are separately supervised, have their own separate wage progressions on the Employer's pay grid, and are represented as separate areas or departments on the Employer's organizational chart.

There is no evidence (except for temporary and permanent transfers) that assembly employees perform the work of employees in other areas, or that employees in other areas perform the work of assembly employees. According to the record, two welders are temporarily transferred to assembly jobs (all other temporary transfers involved nonassembly employees transferring to nonassembly areas). I conclude that this limited evidence does not support a conclusion that employees other than assembly employees must be in the unit. There have also been five permanent transfers in the last 5 years where assemblers have permanently transferred to jobs in other departments or employees in other departments have permanently transferred to assembly but permanent transfers are given less weight by the Board. Bashas, Inc., 337 NLRB 710, 711 fn. 7 (2002).

It is also clear that welders—and to a lesser extent fabrication employees—have unique skills and use unique tools when compared to assembly employees. The pay grid establishes that welders are the highest paid employees, suggesting that they have specialized skills. Moreover, there is no evidence that welders or fabrication employees are included when the Employer seeks volunteers for overtime work in the assembly area.

Finally, I conclude that in arguing that the smallest appropriate unit must also include the welding and fabrication employees, the Employer is guilty of exactly what it accuses Petitioner of doing—advocating a fractured unit.

Welders, fabrication and painting employees are under the same supervision—by Manager Joan Hoeschen and are shown on the organizational chart as being in the same department. Yet the Employer stipulated to the appropriateness of a unit of employees consisting of solely the painters employed by the Employer. Now the Employer is advocating taking the two remaining classifications commonly supervised and organized with the painters, and adding them to a unit of assembly employees, with little justification beyond the fact there have been a limited number of temporary and permanent transfers.

I acknowledge that there is evidence of functional integration between the assembly employees and other employees, including not only welding and fabrication employees, but also warehouse and quality control employees. However, as the Board made clear in *DTG Operations*, supra, more important than functional integration is the existence of common supervision, common skills and job functions, and common classifications and/or departments. None of these factors support including other employees with the assemblers in the bargaining unit.

In view of the foregoing and the record as a whole, I find the following employees constitute an appropriate unit for collective bargaining:

All full-time and regular part-time assemblers employed by the Employer at its Grand Rapids, Minnesota facility, including team leads; excluding all other employees, temporary employees, managers, guards and supervisors as defined in the Act, as amended.